

SECTION III
EXHIBIT M

SETTLEMENT MEMORANDUM FOR FILE

Date: March 7, 1960

Prime Contract No.:

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SUBJECT: **Final Settlement With Subcontractor, Special Tools & Machinery Company,
under Marquardt P.O. 912360**

1. Purpose: This memorandum summarizes the pertinent facts relating to settlement of subject purchase order.
2. Negotiation: The negotiation was participated in by the following individuals:

For The Marquardt Corporation :

 - Termination Manager

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For The Subcontractor :

 - Secretary Treasurer

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3. Subcontractor Data:

- a. Name and Address: **Special Tools & Machinery Co., 4626 Pacific Blvd.,
Vernon, California**
- b. Affiliations: The Subcontractor is not affiliated in any way with
The Marquardt Corporation.
- c. Description of Terminated Subcontract or Purchase Order: **Purchase Order for
delivery of 2X525850 "A" Actuator Assemblies using MC furnished material.**
- d. Subcontract or Purchase Order Number and Date: **13-2-8 912360**
- e. Subcontract or Purchase Order Type: **Fixed Price**
- f. General Description of Items On Order: **2X525850 "A" Actuator Assemblies**
- g. Total Subcontract Price: **\$9,880.00**

4. Description of Termination: **Complete**

- a. Complete or Partial Termination:
- b. Effective Date of Termination: **July 16, 1959**

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- c. Value of Items Terminated: **\$9,880.00**
- d. Cessation of Work: Insofar as can be determined, the subcontractor stopped work within a reasonable time after receipt of the termination notice.
- e. Lower Tier Subcontractors: **None**

5. Description of Settlement Proposal:

- a. Date Filed and Amount: **Filed 8/17/59 for \$4,100.15**
- b. Type of Settlement Proposal: **Inventory Basis - DD 540**

6. Description of Reviews Performed On Settlement Proposal:

- a. Desk Review: **By Termination Manager**
- b. Field Review: **By Corporate Internal Audit**
- c. Field Audit: **By Corporate Internal Audit**

7. Factors Considered In Settlement: Investigation revealed that Vendor was on an extended work week which resulted in overtime premium. However as no overtime was authorized, the termination manager negotiated ~~lower~~ overhead rates to compensate for the allowance of premium time. (Note that the Final Settlement as negotiated is lower than that as developed by audit). Quality and delivery schedule performance was checked and found to be acceptable.

8. Inventory Disposal:

Recommend acceptance of \$25.00 scrap offer as this is in excess of current market value.

9. Settlement Summary:

<u>Proposal As Submitted</u>	<u>Changes</u>	<u>Final Settlement</u>
\$4,100.15	*(\$736.41)	\$3,363.74

***Includes scrap offer of \$25.00**

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10. Certificate As To Subcontractor's Charges:

- (a) The contractor has examined, or caused to be examined, to an extent it considers adequate in the circumstances, the claim of this subcontractor (exclusive of claims filed against such subcontractor by its subcontractors); (b) The settlement on account of this subcontractor's own charges are fair and reasonable, said charges are allocable to the terminated portion of this contract and said settlement was negotiated in good faith and is not more favorable to the subcontractor than that which the contractor would have made if reimbursement by the Government was not involved; (c) The contractor has received from this subcontractor an appropriate certificate with respect to its claim, which certificate is substantially in the form of this certificate; and (d) The contractor has no information leading it to doubt (1) the reasonableness of the settlements with more remote subcontractors or (2) that the charges for them are allocable to this contract. Upon receipt by the contractor of amounts covering this settlement, the contractor will pay or credit it promptly with the amount so received, to the extent that it has not previously done so. The term "subcontractor" as used above includes suppliers.

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Termination Manager
Title

Settlement Agreement attached.